EXECUTIVE SUMMARY

Date Summary Prepared: June 9, 2010

Mine Name: Dragon Mine	**I.D. Number:** M/023/0080
Operator: Applied Minerals, Inc.	**Date Original Notice Received:** August 6, 2009
Address: P.O. Box 968 Osburn, Idaho 83849	**County: USA**
	New/Existing: Status changing from SMO to LMO/
	Mineral Ownership: BLM and Applied Minerals, Inc.
Contact Person: Andre Zeitoun 110 Greene Street, Suite 1101 New York City, New York 10012	**Surface Ownership:** BLM and Applied Minerals, Inc.
Telephone: (212) 226-4257	**Claim Nos.:** UMC385543, UMC385544 UMC394659, UMC394660, UMC408539, UMC408540

Legal Description:
The mine is located in portions of the following areas of Juab County:
Township 10 South, Range 2 West:
S ½ of Section 30
SW ¼ of Section 29
Section 31

Township 10 South, Range 3 West:
Section 36

Mineral(s) to be Mined:

Halloysite clay and iron oxide

Acres to be Disturbed:

40.3 acres during Phase I.

Present Land Use:

Most areas were disturbed by prior mining activities. Prior to mining, the area was used for wildlife habitat and grazing.

Postmining Land Use:

Wildlife habitat and grazing.

Variances from Reclamation Standards (Rule R647) Granted:

None

Soils and Geology

Soil Description:

Most of the area to be disturbed was disturbed by previous mining operation. Only about two acres of the mine site has undisturbed soil. Soils in the surrounding area are Lundy-rock outcrop complex and Sumine-Reywat-Rock outcrop complex.

Special Handling Problems:

No special handling problems are expected. Native soils will be uncovered as the mining operation proceeds. The small amount of salvaged soil will be distributed in islands in an attempt to establish vegetation that can be a seed source for the rest of the disturbed area.

Geology Description:

A complete description of the general geology can be found in U.S.G.S Bulletin 1142-K. Rock outcrops range from Precambrian Big Cottonwood Formation to recent alluvial deposits. The Ajax Limestone and Opex Formation are the host formations for the halloysite clay deposits.

Hydrology

Ground Water Description:

No ground water has been intercepted up to a depth of 1050 feet.

Surface Water Description:

No springs are located in or near the permit area, and the drainages are all ephemeral. None of the mining operations are scheduled to intercept any of the defined stream channels which run through the basin in which the mine is located.

Water Monitoring Plan:

The operator will not be monitoring water quality.

Ecology

Vegetation Type(s); Dominant Species:

The dominant species in the area surrounding the mine include bitterbrush, green and rubber rabbitbrush, sagebrush, bluebunch wheatgrass, and Sandberg bluegrass.

Percent Surrounding Vegetative Cover:

There is little vegetation in the area proposed to be disturbed, but the surrounding areas have about 68 percent cover.

Wildlife Concerns:

There are no threatened or endangered species with suitable habitat in Juab county according to information from the Utah Conservation Data Center. There is some use by big game species in the area surrounding the mine, but because of previous disturbance, there is very little use at the mine site.

Surface Facilities:

Facilities will include various trailers, an office/dry/lunchroom, a shop building, and compressor and generator buildings. Processing facilities include a feeder/hopper/conveyor, a crusher, a jet mill, and a bag house.

Mining and Reclamation Plan Summary:

During Operations: (address Air Quality – i.e. dust control)

Mining will occur both on the surface and using an existing decline. The waste material on the surface is from previous operations, and the current operator intends to re-process this material. Residual waste may be sold to a brick or stucco manufacturer or used to backfill mined out areas in the underground mine.

Processing methods will include screening, grinding, and air flotation, but no water or chemicals will be used.

Applied Minerals Inc., will obtain approval from the Division of Air Quality to operate according to the Utah Air Conservation Rules if this permit is necessary. Fugitive dust in the mining and processing areas will be controlled with water.

After Operations:

All buildings and support facilities will be demolished with debris being removed or buried on site. The main access road will be left, but all extraneous roads will be ripped and seeded. All final dump slopes will be graded to be 3H:1V or less, and all pit slopes affected by the operator will be 1H:1V or less steep. Waste dump areas will be recontoured if necessary using growth material that was not harvested prior to dump placement, then reseeded.

Surety

Amount: $140,000.00
Form: Unknown
Renewable Term: Five years